

**NEW ORLEANS MULTICULTURAL  
TOURISM NETWORK, INC.**

**FINANCIAL AND COMPLIANCE AUDIT  
TOGETHER WITH  
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEAR ENDED DECEMBER 31, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/3/11

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Society of Louisiana  
Certified Public Accountants

Michael B. Bruno, CPA  
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Waldo J. Moret, Jr., CPA  
Paul K. Andoh, Sr., CPA  
Joseph A. Akanji, CPA

## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**New Orleans Multicultural  
Tourism Network, Inc.**

We have audited the accompanying statement of financial position of **New Orleans Multicultural Tourism Network, Inc. (NOMTN)** (a nonprofit organization) as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **NOMTN's** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of **New Orleans Multicultural Tourism Network, Inc.** as of December 31, 2010 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**INDEPENDENT AUDITORS' REPORT**  
**(CONTINUED)**

To the Board of Directors of  
New Orleans Multicultural  
Tourism Network, Inc.  
Page 2

In accordance with Government Auditing Standards, we have also issued a report dated June 20, 2011, on our consideration of NOMTN's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was made for the purpose of forming an opinion on the basic financial statements of NOMTN taken as a whole. The accompanying Schedule of Functional Expenses is presented for purposes of additional analysis and is not a required part of the basic financial statements of New Orleans Multicultural Tourism Network, Inc. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

June 20, 2011



**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2010**

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**ASSETS**

|   |                      |
|---|----------------------|
| Cash and cash equivalents   | \$ 69,274            |
| Due from New Orleans Tourism Marketing Corporation (NOTMC)                              | 106,308              |
| Due from IRS  | 9,016                |
| Office furniture and equipment, net of accumulated<br>depreciation of \$30,393 (NOTE 4) | 3,748                |
| Other assets  | <u>575</u>           |
| <br>Total assets  | <br><u>\$188,921</u> |

**LIABILITIES AND NET ASSETS**

|                                       |                      |
|---------------------------------------|----------------------|
| Accounts payable and accrued expenses | \$ <u>4,856</u>      |
| <br>Total liabilities                 | <br><u>4,856</u>     |
| <br>Unrestricted net assets           | <br><u>184,065</u>   |
| <br>Total liabilities and net assets  | <br><u>\$188,921</u> |

The accompanying notes are an integral part of this statement.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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|   |                   |
|---|-------------------|
| Support and Revenue:                    |                   |
| NOTMC funding (NOTE 5)                  | \$ 326,518        |
| Grant                                   | 16,000            |
| Other                                   | <u>163</u>        |
| Total support and revenue               | <u>342,681</u>    |
| Expenses:                               |                   |
| Administrative                          | 168,667           |
| Convention sales and marketing expenses | <u>145,249</u>    |
| Total expenses                          | <u>313,916</u>    |
| Changes in net assets                   | 28,765            |
| Net assets, beginning of year           | <u>155,300</u>    |
| Net assets, end of year                 | \$ <u>184,065</u> |

The accompanying notes are an integral part of this statement.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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|   |                         |
|---|-------------------------|
| Cash flows from operating activities:   |                         |
| Changes in net assets   | \$ 28,765               |
| Adjustments to reconcile changes in net assets<br>to net cash used in operating activities: |                         |
| Depreciation  | 2,625                   |
| Decrease in accounts payable and<br>accrued expenses  | (46,824)                |
| Decrease in due from New Orleans<br>Tourism Marketing Corporation                           | 15,519                  |
| Increase in due from IRS  | (9,016)                 |
| Decrease in deferred revenue  | <u>(16,000)</u>         |
| Net cash used in operating activities   | <u>(24,931)</u>         |
| Net decrease in cash and cash equivalents   | (24,931)                |
| Cash and cash equivalents - beginning of year   | <u>94,205</u>           |
| Cash and cash equivalents - end of year   | \$ <u><u>69,274</u></u> |

The accompanying notes are an integral part of this statement.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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NOTE 1 - Summary of Significant Accounting Policies:

(A) Organization

**New Orleans Multicultural Tourism Network, Inc. (NOMTN)** is a Louisiana not-for-profit corporation chartered on March 5, 1990. Its purpose is to attract tourist and convention business from domestic and foreign markets, inclusive of developing minority markets, affected by the tourist industry, to the greater New Orleans metropolitan area.

**NOMTN** is exempt from taxation under section 501(c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes is made in the accompanying financial statements.

**NOMTN** files as a tax-exempt organization. Should that status be challenged in the future, **NOMTN's** 2008, 2009 and 2010 tax years are open for examination by the IRS.

(B) Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of **NOMTN** and changes therein are classified as unrestricted net assets that are not subject to donor-imposed stipulations.

(C) Financial Statement Presentation

For the year ended December 31, 2010, **NOMTN** followed the requirements of Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) Section 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*, in the presentation of its financial statements. Under FASB ASC Section 958-205, **NOMTN** is required to report, as applicable, information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted net assets. In addition, **NOMTN** is required to present a statement of cash flows.



**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**NOTE 1 - Summary of Significant Accounting Policies:**

**(C) Financial Statement Presentation, Continued**

Accordingly, net assets and changes therein are classified and reported as follows:

**Unrestricted Net Assets** - Support, revenues, and expenses for the general operation of NOMTN.

**Temporarily Restricted Net Assets** - Contributions specifically authorized by the donors to be used for a certain purpose or to benefit a specific accounting period.

**Permanently Restricted Net Assets** - Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by NOMTN. Generally, the donors of these assets permit NOMTN to use all or part of the income derived from the investment of these contributions.

At December 31, 2010, NOMTN has no temporarily or permanently restricted net assets.

**Contributions**

NOMTN accounts for contributions in accordance with FASB ASC Section 958-605, *Not-for-Profit Entities, Revenue Recognition* accounting for contributions received and contributions made. In accordance with FASB ASC Section 958-605, contributions are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence and nature of any donor restrictions.

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are re-classified to unrestricted net assets.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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NOTE 1 - Summary of Significant Accounting Policies, Continued;

(D) Office Furniture and Equipment

Office furniture and equipment are stated at cost. Additions, renewals, and betterments that add materially to productive capacity or extend the life of an asset are capitalized. Expenditures for maintenance and repairs which do not extend the life of the applicable assets are charged to expense as incurred. Upon retirement or disposal of an asset, the asset and accumulated depreciation accounts are adjusted accordingly. Any resulting gain or loss is included in the statement of activities.

Depreciation of the office furniture and equipment is provided over the estimated useful lives of the assets (three to five years) on a straight-line basis.

(E) Statement of Cash Flows

For the purpose of the Statement of Cash Flows, NOMTN considers all highly liquid instruments purchased with maturities of three months or less to be cash equivalents.

(F) Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(G) Advertising

NOMTN uses advertising to promote its mission to attract tourism and convention business to the greater New Orleans area. The costs of advertising are expensed as incurred. For the year ended December 31, 2010, advertising expense was \$8,738.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**NOTES TO THE FINANCIAL STATEMENTS, CONTINUED**

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**NOTE 2 -    Functional Allocation of Expenses:**

The cost of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**NOTE 3 -    Donated Services:**

The value of donated services is not reflected in the accompanying financial statements since there is no objective basis available by which to measure the value of such services. However, a number of volunteers have donated significant amounts of their time in activities and events sponsored by NOMTN.

**NOTE 4 -    Office Furniture and Equipment:**

Office furniture and equipment, at cost, and accumulated depreciation as of December 31, 2010 are summarized as follows:

|                                |                 |
|--------------------------------|-----------------|
| Office furniture and equipment | \$ 34,141       |
| Less: accumulated depreciation | <u>(30,393)</u> |
|                                | <u>\$ 3,748</u> |

Depreciation expense for the year ended December 31, 2010 was \$2,625.

**NOTE 5 -    Economic Dependency:**

Under present funding arrangements with New Orleans Tourism Marketing Corporation (NOTMC), a significant part of NOMTN's support is currently derived from that one contributor. By ordinance, NOTMC is required to fund NOMTN annually.

NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.  
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

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NOTE 6 - Fair Values of Financial Instruments:

The estimated fair value of financial instruments have been determined by utilizing available market information and appropriate valuation methodologies. NOMTN considers the carrying amounts of cash and cash equivalents to approximate fair value.

NOTE 7 - Operating Lease:

NOMTN leased office space under an operating lease agreement, which expires in 2011. Lease expense for the year ended December 31, 2010 was \$17,766.

NOTE 8 - Subsequent Events:

NOMTN is required to evaluate events or transactions that may occur after the Statement of Financial Position date for potential recognition or disclosure in the financial statements. NOMTN performed such an evaluation through June 20, 2011, the date which the financial statements were available to be issued.

## **SUPPLEMENTARY INFORMATION**

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

|                                     | <u>Convention Sales<br/>And Marketing</u> | <u>Administrative</u> | <u>Total</u>     |
|-------------------------------------|---|-----------------------|------------------|
| Salaries and wages                  | \$ 60,463                                 | \$ 60,463             | \$120,926        |
| Payroll taxes                       | 4,985                                     | 4,985                 | 9,970            |
| Fringe benefits                     | <u>7,009</u>                              | <u>7,009</u>          | <u>14,018</u>    |
| Total salaries and related expenses | <u>72,457</u>                             | <u>72,457</u>         | <u>144,914</u>   |
| Advertising                         | 8,738                                     | -0-                   | 8,738            |
| Professional fees                   | 29,100                                    | 19,457                | 48,557           |
| Dues/memberships/registration       | -0-                                       | 5,408                 | 5,408            |
| Miscellaneous                       | -0-                                       | 1,419                 | 1,419            |
| Collateral materials                | 1,597                                     | -0-                   | 1,597            |
| Convention support                  | 8,312                                     | -0-                   | 8,312            |
| Postage and courier                 | -0-                                       | 502                   | 502              |
| Equipment expense                   | -0-                                       | 4,831                 | 4,831            |
| Interest                            | -0-                                       | 4,745                 | 4,745            |
| Insurance                           | 233                                       | 444                   | 677              |
| Meeting expense                     | 3,307                                     | 355                   | 3,662            |
| Office supplies                     | 1,916                                     | 3,891                 | 5,807            |
| Printing                            | -0-                                       | 2,167                 | 2,167            |
| Rent                                | 5,863                                     | 11,903                | 17,766           |
| Special events                      | 20,547                                    | -0-                   | 20,547           |
| Travel                              | 12,906                                    | 5,571                 | 18,477           |
| Telephone                           | 3,691                                     | 7,493                 | 11,184           |
| Website/equipment maintenance       | <u>-0-</u>                                | <u>1,981</u>          | <u>1,981</u>     |
| Total expenses before depreciation  | 168,667                                   | 142,624               | 311,291          |
| Depreciation                        | <u>-0-</u>                                | <u>2,625</u>          | <u>2,625</u>     |
| Total expenses                      | <u>\$168,667</u>                          | <u>\$145,249</u>      | <u>\$313,916</u> |

See Accompanying Independent Auditors' Report.



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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of  
**New Orleans Multicultural Tourism Network, Inc.**  
New Orleans, Louisiana

We have audited the financial statements of **New Orleans Multicultural Tourism Network, Inc. (NOMTN)** as of and for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered **NOMTN's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **NOMTN's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **NOMTN's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS  
(CONTINUED)

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of NOMTN's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings as items 10-01 and 10-02 to be material weaknesses.



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

(CONTINUED)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether NOMTN's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

NOMTN's response to the findings identified in our audit is described in a separate document.

This report is intended solely for the use of the Board of Directors, its management, grantor agencies and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



BRUNO & TERVALON LLP  
CERTIFIED PUBLIC ACCOUNTANTS

June 20, 2011

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**SCHEDULE OF FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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We have audited the financial statements of **New Orleans Multicultural Tourism Network, Inc.** as of and for the year ended December 31, 2010, and have issued our report thereon dated June 20, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2010 resulted in an unqualified opinion.

**SECTION I - Summary of Auditors' Results**

- A. Significant deficiencies in internal control were disclosed by the audit of the financial statements: **None Reported**; material weaknesses: **Yes**.
- B. Noncompliance which is material to the financial statements: **No**.
- C. Significant deficiencies in internal control over major programs: **N/A** Material weaknesses: **N/A**.
- D. The type of report issued on compliance for major programs: **N/A**.
- E. Any audit findings which are required to be reported under section 510 (a) of OMB Circular A-133: **N/A**.
- F. Major programs: **N/A**.
- G. Dollar threshold used to distinguish between Type A and Type B programs: **N/A**.
- H. Auditee qualified as a low-risk auditee under section 530 of OMB Circular A-133: **N/A**.
- I. A management letter was issued: **No**.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**SECTION II - Findings Related to the Financial Statements Required  
In Accordance with Government Auditing Standards**

**10-01 - Segregation of Duties**

**Criteria**

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

**Condition**

As in the prior year, accounting duties are being handled by one (1) individual with the exception of compiling the financial statements and reconciling bank accounts, which are being performed by an external accountant.

**Effect**

Internal controls are weakened by the lack of segregation of duties, thus, the risk of fraudulent activities are increased.

**Cause**

NOMTN lacks personnel to adequately segregate accounting duties.

**Recommendation**

We recommend that the Board of Directors review NOMTN's current assigned accounting duties and implement control procedures to ensure that accounting duties are adequately segregated with available accounting personnel. For activities that are incompatible, additional procedures should be established for the Board of Directors to review and oversee such activities for the purpose of compensating for the lack of adequate segregation of duties.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**SECTION II - Findings Related to the Financial Statements Required  
In Accordance with Government Auditing Standards  
Continued**

**10-02 - Credit Card Charges**

**Criteria**

Management must establish internal control objectives for the accuracy of financial statements and the validity of transactions in order to effectively assess areas of potential risk.

**Condition**

We noted during our test of credit card charges that **NOMTN** lacked a written credit card policy. We further noted that **NOMTN** did not maintain supporting documentation for ten (10) out of twenty-one (21) credit card transactions tested. These credit cards were used for a variety of purposes, including travel, meals and the purchases of materials and supplies. With respect to the travel and meal expenses, we noted that in all instances the supporting documentation did not include the business purpose.

**Effect**

There is a potential that fraudulent activities or unallowed business charges will not be detected from unsupported credit card transactions.

**Cause**

**NOMTN** lacked policies and procedures that require each credit card transaction be supported with source documentation and with the business use.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**SCHEDULE OF FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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**SECTION II - Findings Related to the Financial Statements Required  
In Accordance with Government Auditing Standards  
Continued**

**10-02 - Credit Card Charges, Continued**

**Recommendation**

NOMTN should adopt a comprehensive credit card policy and review and update this policy annually, as considered necessary. At a minimum, the policy should: identify employees authorized to use the credit card, set appropriate credit limits, indicate allowed and disallowed credit card uses, establish custody of the card when not in use of the credit card, require proper documentation for each credit card charge that should be maintained by the cardholder to also include the business purpose of travel and meal expenses, designate an official to review and approve each cardholder's reconciled monthly statement and corresponding supporting documentation prior to payment and establish a means to recoup any unauthorized expenses.

We also recommend NOMTN not use the credit card for ordinary purchases, which should be made through their purchase requisition system.

All internal and external records should be maintained for easy retrieval.

**SECTION III - Federal Award Findings and Questioned Cost**

Not applicable.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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***Section I - Internal Control and Compliance Material to the Financial Statements***

**09-01 - Segregation of Duties**

We recommended that the new board review NOMTN's current assigned accounting duties and implement control procedures to ensure that accounting duties are adequately segregated with available accounting personnel. For activities that are incompatible, additional procedures should be established for the Board of Directors to review and oversee such activities for the purpose of compensating for the lack of adequate segregation of duties.

**Current Status**

Unresolved. See Finding 10-01.

**09-02 - Financial Reporting**

We recommended that management of NOMTN immediately establish controls to ensure that financial statements are prepared timely (within 30 days of month end) and accurately.

**Current Status**

Resolved.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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***Section I - Internal Control and Compliance Material to the Financial Statements,  
Continued***

**09-03 - Submission of Audit Report**

We recommended that NOMTN review its financial reporting procedures to ensure that audit engagements are submitted to the State of Louisiana Legislative Auditor within the required time frame.

**Current Status**

Resolved.

**09-04 - Deficit in Operations**

The Board of Directors should always require management to prepare financial statements that are timely and accurately prepared in order to effectively monitor operations and the minutes of board meetings should reflect such. Therefore, we recommended that in the future, minutes of the meetings of the Finance Committee reflect evidence of the Committee and Board awareness of any deficit or excess in financial operations. We also recommended that at the point in the fiscal year a deficit is anticipated the original budget be amended accordingly and presented to the Finance Committee.

**Current Status**

Resolved.

**NEW ORLEANS MULTICULTURAL TOURISM NETWORK, INC.**  
**SCHEDULE OF PRIOR YEAR FINDINGS, CONTINUED**  
**FOR THE YEAR ENDED DECEMBER 31, 2010**

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***Section II - Internal Control and Compliance Material to Federal Awards***

Not applicable.

***Section III - Management Letter***

No matters were reported.



June 22, 2011

Mr. Waldo J. Moret, Jr.  
Bruno & Tervalon LLP  
Certified Public Accountants  
4298 Elysian Fields Avenue  
New Orleans, Louisiana 70122

Dear Mr. Moret:

In conjunction with the Findings related to Section II of the Schedule of Findings in financial and compliance of the New Orleans Multicultural Tourism Network, Inc. (NOMTN), for the year ended December 31, 2010, the management of NOMTN appreciates the opportunity to respond to findings.

**Section II – Findings Related to the Financial Statements Required In Accordance  
With Government Auditing Standards**

**10-01 Segregation of Duties**

As in previous years, NOMTN funding has not rebounded to pre-Katrina levels. NOMTN continues to operate on a skeletal budget that does not allow us to have more than two people on staff. We continue to operate without any paying membership base and we only receive one check per month. We do not keep any petty cash nor do we accept credit card payments. NOMTN Board of Directors recommended that all incoming receipts are handled and logged by the administrative assistant. Receivables will then be deposited by President. The treasurer and/or president shall review incoming and outgoing transactions monthly to ensure accuracy of deposits.

**10-02 Credit Card Charges**

At the recommendation outlined in the 2010 audit, NOMTN has drafted a Corporate Credit Card Policy effective immediately (see attached). NOMTN's board of directors will have final approval of policy at our next scheduled meeting. The policy is designed to address the concerns listed in the audit.

It is within NOMTN's mission and scope to provide entertainment such as meals and social events for current and potential clients that are visiting New Orleans. We are responsible for showcasing the city and its many restaurants and cultural attractions. On many occasions, we purchase tickets to events that are being held during visits of potential clients. We also promote restaurants by bringing clients to dine or meet at local restaurants. We also schedule several FAM (familiarization trips) with journalists and national media. During these invitation only events, we are required to pay all expenses, including meals, hotels/lodging, entertainment, etc. Although we try to solicit donations



Mr. Waldo J. Moret, Jr.  
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and in-kind sponsorships, it is not always feasible. In those cases, NOMTN must pay for meals and events.

NOMTN staff is required to travel as part of the mission to promote New Orleans as a multicultural destination and encourage in-bound tourism. As such, we participate in festivals, meetings and conventions throughout the country. We are also called upon to attend participate in bid proposals that require formal presentations at the headquarters of meeting and groups that are considering New Orleans as a potential meeting destination. Often times, our participation in these meetings are requested by the sponsoring agency. In the future, NOMTN will try to secure official documentation from the sponsoring agency as to the request for NOMTN to participate in all bids and formal presentations that require travel.

NOMTN does not have a corporate credit account to purchase office supplies or other routine items that may be used during the normal course of business. We do not keep petty cash, nor is it feasible for an employee to incur expenses and wait to be reimbursed. Therefore, a credit card is used office supplies, meeting supplies, etc. In the cases that we do internet giveaways for items such as ipods or other types of gifts, those items need to be purchased with a credit card, as an NOMTN check would not be accepted at most retailers.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Toni Rice', written in dark ink.

Toni Rice, President  
New Orleans Multicultural Tourism Network



## **NEW ORLEANS MULTICULTURAL TOURISM NETWORK CORPORATE CREDIT CARD POLICY - 2011**

### **Purpose:**

To set forth guidelines regarding the application, use, and termination of credit cards issued to New Orleans Multicultural Tourism Network (NOMTN) employees.

### **Overview:**

It is the policy of NOMTN to permit use of corporate credit cards by employees designated by appropriate authorities for charging legitimate company expenses. Eligible employees are those who are or will be regularly incurring legitimate business expenses. After reading this policy, all employees who currently have obtained a corporate credit card must sign the addendum to this document.

Effective immediately, the recipients of this document are mandated to abide by the following corporate credit card policy and procedures. Requests for exceptions to this Policy are to be directed to the Board of Directors of NOMTN. The following review and documentation procedures are to be followed:

### **CREDIT CARD CARDHOLDER AGREEMENT Policy**

Credit cards are issued by Liberty Bank & Trust at the discretion of Management to current employees who have been determined to incur legitimate business expenses. The employee (i.e. cardholder) agrees to comply with all applicable NOMTN policies and procedures and this Credit Card Cardholder Agreement. When signed and accepted, this form acts to assign the formal delegation of purchase authority to a current NOMTN cardholder to execute credit card purchases. It is NOMTN's policy that all receipts must accompany the employee's expense report. Failure to provide supporting documentation will result in forfeiture of right of reimbursement. Expenses must be submitted within 60 days from the time expense was incurred. Expense reports submitted outside of this time frame will not be reimbursed. Monthly billings for corporate credit cards will be mailed to the address designated by the cardholder. It is the cardholder's responsibility to review statements for accuracy and to pay the balance in full by the designated due date as shown on the monthly statement from Liberty Bank.

### **Compliance with Policy, Violations and Consequences**

Cardholder violations to this agreement, or to any NOMTN policy regarding the purchase of goods or services, will be investigated by Internal Audit, Chief Compliance & Ethics Officer, Legal, and any other group or individual as designated by the Board of Directors and/or Compliance Committee, and to recommend actions that may be taken: written warning, revocation of credit card privileges, cancellation of delegation of purchasing authority, criminal prosecution, and disciplinary action up to and including termination. NOMTN will consider the facts and circumstances of each incident, and will take action as deemed appropriate, and as permitted by applicable law and/or NOMTN policy.

Credit Card violations may include but are not limited to:

- Purchase of items for personal use.

- Purchase of items in violation of the NOMTN travel policy.
- Allowing unauthorized users to use the corporate credit card.
- Use of the credit card for cash advances.
- Exceeding card credit line limit.
- Failure to promptly return the credit card when a cardholder is reassigned, terminated or at the discretion of Management.

#### **Ownership and Cancellation of the Credit Card**

The credit card remains property of Liberty Bank. It may not be transferred to, assigned to, or used by anyone other than the designated cardholder. The cardholder is accountable for the activity on the card. Liberty Bank or NOMTN may suspend or cancel cardholder privileges at any time for any reason. The cardholder will surrender the credit card upon request to NOMTN or any authorized agent of Liberty Bank.

#### **Spending Limits**

Each credit card has a pre-set limit that may not be exceeded unless there is prior written authorization from Management.

#### **Receipts**

It is the cardholder's responsibility to obtain transaction receipts from the merchant each time the credit card is used. Individual transaction receipts are to be attached to the monthly credit card statement for payment. The secretary of the board of directors will be responsible for review and approval of statement. Credit card statements, including receipts, and proof of review must be kept on file for a period consistent with the record retention requirements of the law, which is 7 years for Accounting Documentation.

#### **Disputed Items**

It is the cardholder's responsibility to follow-up on any erroneous charges, returns or adjustments to ensure proper credit is given on subsequent statements.

#### **Protecting the Credit Card**

The credit card is valuable property which requires proper treatment by the cardholder to protect it from misuse by unauthorized parties.

#### **Validation and Safekeeping**

Sign the credit card immediately upon receipt. The credit card should always be treated with the same care as personal credit cards, bankcards, cash and checks. Keep your card in an accessible, but secure location. When using the credit card for internet purchases, cardholders should make sure that the site utilizes industry recognized encryption transmission tools (e.g. such as VeriSign). When the expiration date is passed and/or after you have received a new credit card, cut the old credit card in half and dispose of it. Make sure the credit card is returned to you after each charge and verify that the returned credit card has your name on it.

#### **Lost or Stolen Credit Cards**

If the credit card is lost, stolen, or in the case of identity theft, contact Liberty Banks' 24-hour toll free number immediately.

## **RESPONSIBILITIES CARDHOLDERS**

Cardholders must use the card responsibly and in accordance with this policy. Cardholder responsibilities include:

- Purchasing items for NOMTN business use only.
- Never lending or sharing the credit card or account number. Purchasing only goods and services that are approved by NOMTN or are in accordance with NOMTN policies.
- Attaching purchasing documents, such as sales receipts.
- All charges on the credit card statement shall be examined by the cardholder to ensure that they represent actual and authorized expenditures.
- Canceling the credit card upon notification of resignation from NOMTN or the position which entitled use of the card.
- Returning the credit card upon leaving to NOMTN or the position which entitled use of the card, or upon request of NOMTN.
- Reading this policy and signing the addendum as verification of understanding to comply with NOMTN policies.

*Note:* All corporate credit cards are issued in the cardholder's name with NOMTN listed as the business.

### **NOMTN President responsibilities:**

- Timely reconciliation.
- Appropriate record keeping.
- Monitoring card usage to ensure that internal policies and procedures are being followed.
- Providing this policy to new cardholders prior to providing them a credit card application, and obtaining the signed policy.
- Notify the board of directors of violations to the Corporate Credit Card Policy.
- Implementing and updating internal procedures that govern use of the credit cards.
- Communicating and updating the procedures for obtaining, using, and canceling corporate credit cards for designated cardholders.
- Ensuring that these procedures are in place for all cards before cardholders are given card privileges.
- Assigning credit card privileges to cardholders.
- Providing new cardholders with program information
- Obtaining signed acknowledgement from cardholders who currently have corporate credit cards, documenting their understanding of company policy.
- Ensuring accounts have been terminated for cardholders who have left NOMTN or the position which entitled the cardholders to a corporate credit card.
- Notifying NOMTN board of directors violations to the Corporate Credit Card Policy.